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WORLD CARPET WOOL SITUATION FOR 1946* Readjustments in Supplies and Demand

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SUMMARY OF 1946 SITUATION

International trade in carpet wool, influenced by keen United States demand, in 1946 is approaching prewar volume. United States imports for the first 7 months of 1946 totaled 175 million pounds. This is several times larger than the level of imports in recent years and about 50 percent above the prewar annual average imports. As to world supplies, stocks are still large, especially in Argentina, but production is somewhat below prewar levels. Export restrictions in many producing countries and price controls in consuming countries have been modified so that trade has been facilitated.

World exportable supplies of carpet wool for the 1946-47 season (April-March) ^{1/} are estimated at about 470 million pounds, about 14 percent less than those of the preceding season but at least 44 percent more than average prewar supplies. Commercial production, or the total supply entering commercial channels, is forecast at about 10 percent less than the volume of preceding season.

*This report, prepared in the Livestock and Wool Division, is the first in this series of Wool Reports. These reports, based largely upon information from Foreign Service Officers, will be issued from time to time on wool-production prospects and developments abroad. Summaries of these reports, as well as later developments in individual countries, are published currently in Foreign Crops and Markets.

^{1/} The season in Argentina begins October 1.

Although the carry-over at the beginning of the current season is smaller than a year earlier, it is still considerably above the prewar level, largely because of the accumulation of stocks in Argentina under government loan. On September 30, 1946, these Argentine stocks were estimated at 140 million pounds. Stocks in the Asiatic countries, while above normal, are not burdensome considering demand. Latest information would indicate that visible stocks in the Near East and the Orient at the beginning of the current season amounted to about 100 million pounds.

Other salient facts in the current supply situation are: (1) Some overland movement of Chinese wool to U.S.S.R. (2) Indian restrictions requiring that a portion of supplies be offered for domestic use; and (3) exports from the Near East to the Soviet Union, as well as to the United States.

Since no carpet wool is produced in the United States, all requirements for this product must be imported. If the present rate of importation continues, 1946 imports will exceed the previous high of 211 million pounds of duty-free wool imported in 1941. In the latter year 63 percent of the total was from Argentina, which has been an increasingly important source since the mid-30's, when unsettled conditions in China began to reduce the exports. Imports from India were also increasing when interrupted by the war.

Imports by the United Kingdom in 1946 have continued small. This delay in the resumption of imports of carpet wool has been occasioned by a scarcity of labor in this country's wool industry and low ceiling prices for carpet wools. The price situation was remedied on May 1, 1946, when all controls on prices of carpet wools were removed. In the prewar period the United Kingdom took an average of 73 million pounds annually, other than crossbred or merino, largely from British India, with Argentina the next most important source.

Stocks of carpet wool in all hands in the United States were reported at 136 million pounds on June 30, 1946, and were over twice as large on that date as the 5-year (1935-39) average. British stocks of carpet wools have not been announced, but imports in recent years have been insufficient to permit much accumulation. Although the Soviet Union is a large producer and consumer of carpet wool, estimates of stocks in that country are not available.

BACKGROUND AND IMPORTANCE

Practically no carpet wool is produced in the United States, and requirements must be imported. Much of the raw wool imported by the United States is classed as carpet wool and is admitted free of duty. 2/ This wool is of grades not finer than 40's and is produced largely by unimproved sheep in the Near and Far East and adjacent territory. Scotch Black-faced, Kerry, and Haslock wools of the British Isles are also carpet types, as are "criollas" and certain proportions of the coarse crossbred wools from Argentina. Because of their noncompetitive status, carpet wool and apparel wool are in effect separate commodities in United States trade. 3/

In the wide coverage given wool in U. S. Foreign Service Reports on Agriculture, considerable information is received on the over-all production and supply situation. That which is specifically applicable to carpet wool has been assembled here as of interest both to United States users of carpet grades and to domestic wool growers concerned with the relation of carpet wools to apparel wools.

During the war years, international trade in carpet wool reached a very low level. It was not considered a strategic commodity by the United States and the United Kingdom, and consequently, overseas movements were limited because of the priority given to other materials. The principal exporting countries themselves, in many cases, prohibited exports entirely during the war, or limited them to certain types.

During the 5 prewar years, 1934-38, an annual average of about 275 million pounds of raw carpet wool entered international trade channels. The United States was the largest single importer, taking about 120 million pounds a year. The United Kingdom, the next largest importer, acquired 73 million pounds annually. Continental European countries, U.S.S.R., and Japan took most of the remainder.

2/ To be admitted duty-free as carpet wool, raw wool must be not finer than 40's and be used in specified end products, principally floor coverings. The classification of carpet wools, originally defined as those from sheep without Merino or English blood, similar to Donskoi, Smyrna, and certain others, was broadened in the 1930 Tariff Act as modified by the 1938 Customs Administration Act to include any wool not finer than 40's that is used in rugs, carpets, other floor coverings, press cloth, camel's-hair belting, knit or felt boots, and heavy fulled lumbermen's socks. Wool used in any other products, regardless of grade, type, or origin, is dutiable.

3/ Carpet wool as herein discussed relates to wool classed as duty-free by the U. S. Tariff Commission. United States import statistics follow the tariff classes, but in other countries a similar distinction is not made. Estimates of the quantity of carpet wool imported by other countries, therefore, are made on the basis of grade descriptions and countries of origin.

SITUATION IN CONSUMING COUNTRIES

United States

Imports of carpet wool into the United States in the first 7 months of 1946 totaled 175 million pounds, a record volume. The bulk of this wool was from Argentina. Stocks on June 30, 1946, as officially reported by the Bureau of Census, were 137 million pounds, the largest reported at that time, or at any time of year for the past 10 years at least. Even with such large stocks, however, supplies are not considered burdensome considering pent-up demand.

Imports of duty-free wool entered for carpets fell sharply during the first year of the war owing principally to the nonstrategic character of this product for military purposes, and therefore large imports are necessary to take care of the accumulated civilian demand for rugs and carpets.

The peak year of imports into the United States, up to the present, was in 1941, when 211 million pounds of carpet wool, 63 percent of which was Argentine, entered for consumption. In 1942, when this country first participated in the war, imports fell to the low level of 65 million pounds. Consumption naturally followed the same trend, since stocks, although above normal, were not unduly large when this country entered the war.

The United States has depended more and more on Argentina as a source of supply, beginning in the mid-30's, or about the time imports from China began to fall off as a result of unsettled conditions in that country. Imports from British India also showed an upturn beginning in 1935 but declined when World War II commenced.

Imports of duty-free wool into the United States for 1944, 1945, and 1946 were 72,252,000, 129,096,000, and 174,969,000 pounds, respectively. (See tables 1, 2, and 3.)

United Kingdom

In contrast to the large imports into the United States during the first 7 months of 1946, imports into the United Kingdom of wool (other than merino or crossbred) totaled only 8 million pounds. In the United Kingdom "other wools" not merino or crossbred are assumed to include the bulk of the carpet wool imported, but possibly some of the crossbred wool imported may also be used as carpet wool. Imports of that type in the first 7 months of 1946 totaled 125 million pounds against 61 million pounds in the corresponding period of 1945. Approximately 46 percent of total wool imports were from New Zealand, where production is mainly of medium and fine crossbred, and only a relatively small percentage of the total production classifies as under 40's.

*Includes 7 months from January to July 31.

Table 1

Table 1.-CARPET WOOL: Imports for consumption (actual weight) into the United States and the United Kingdom, average 1934-38, annual 1939-46

Year	: United : States a/ : Million : pounds	: United : Kingdom b/ : Million : pounds
Average -	:	:
1934-38	: 120	: 73
1939	: 143	: 56
1940	: 135	: 48
1941	: 211	: 24
1942	: 65	: 21
1943	: 29	: 11
1944	: 72	: 22
1945	: 129	: 19
January-July:	:	:
1945	: 51	: 10
1946	: 175	: 8

Compiled from official sources.

a/ Donskoi, Smyrna, Cordova, and similar wool without merino or English blood and other wool under 40's enter free of duty for carpets, rugs, etc. b/ Wool other than merino or crossbred. A relatively small percentage of the crossbred wool imported may be under 40's and qualify as carpet wool. Imports of crossbred wool totaled 113 million pounds in 1945, compared with 431 million pounds in 1939.

Table 2.-CARPET WOOL: Consumption in the United States and the United Kingdom

Year	United States		United Kingdom	
	(all foreign)		a/	
	Grease	Scoured	Grease	Scoured
	basis	basis	basis	basis
	Million	Million	Million	Million
	pounds	pounds	pounds	pounds
Average -	:	:	:	:
1934-38	126	88	b/ 103	b/ 71
1939	149	103	c/ 59	41
1940	137	98	c/ 46	32
1941	200	132	c/ 29	20
1942	61	44	c/ 20	14
1943	44	32	c/ 13	9
1944	61	46	c/ 19	13
1945	76	56	c/d/ 12	d/ 8
	:	:	:	:

Compiled from official sources and reports of the Imperial Economic Committee.

a/ Consumption on scoured basis during 1939-45, years beginning with September. b/ Retained imports of Indian and Argentine wool, according to the Imperial Economic Committee. These are the only countries exporting carpet wool in any quantity during these years. c/ Grease basis estimated on same percentage yield as in prewar period 1934-38. d/ September-March only.

Table 3.-UNITED STATES: Imports of wool (free in bond for carpets) for consumption, calendar years 1938-43 a/

Principal country of origin	1938	1939	1940	1941	1942	1943 <u>b/</u>
	1,000	1,000	1,000	1,000	1,000	1,000
	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
<u>Non-European</u>						
Argentina	25,040	45,493	68,272	132,109	36,319	10,379
New Zealand	2,504	9,219	<u>c/</u> 844	2,710	909	<u>d/</u>
British India	14,198	37,015	19,599	17,255	11,116	2,375
Syria	5,175	8,539	5,277	291	280	2,574
China	2,152	2,311	6,422	8,970	689	296
Iraq	2,755	10,509	14,107	14,602	5,556	5,420
Egypt	2,548	4,164	2,043	1,456	251	31
Turkey	501	1,389	229	-	-	-
Uruguay	202	570	228	1,198	37	9
Un. of So. Africa	891	1,196	1,127	1,953	856	1,140
Afghanistan	<u>e/</u>	<u>e/</u>	<u>f/</u> 150	<u>f/</u> 2,032	236	558
Iran	0	30	780	200	339	725
Iceland	23	62	139	1,061	87	2,362
Ecuador	0	50	585	1,292	20	0
Brazil	170	399	414	602	410	465
Colombia	0	0	70	92	21	0
<u>European</u>						
United Kingdom	7,526	8,847	6,889	16,409	5,180	962
Eire	677	2,481	3,371	5,729	2,280	1,548
Portugal	272	2,499	1,684	2,035	59	22
Italy	225	1,653	578	7	0	0
France	3,685	4,288	178	20	0	0
All others	1,477	2,660	1,556	971	110	262
TOTAL	70,021	143,374	<u>c/</u> 134,542	210,994	64,755	29,128

Compiled from official sources.

a/ Imports of duty-free carpet wool (Donskoi, Smyrna, etc.) and other duty-free wool not finer than 40's. b/ Not compiled by country for calendar year, 1944-45. c/ Exclusive of 98,346 pounds imported from New Zealand free for export. d/ Less than 500,000 pounds. e/ Not reported separately. May be included in imports from British India. f/ Designated as "other Asia" through Indian ports. Tibetan and Afghan wool are normally exported to the United States through Indian ports.

Delay by the United Kingdom in resuming normal importation of carpet wool since the end of the war is partly the result of scarcity of labor. The price factor also has been important. The British War Control's ceiling on prices of wools from British India and the Near East was too low to attract exporters. This situation was remedied on May 1, 1946, when all United Kingdom controls on prices of East Indian and Iraqi wools were removed. This may possibly cause a shift in destination of certain carpet wools from the United States to the United Kingdom. (See table 4.)

Carpet-wool imports into the United Kingdom began to decline when the war started. From a total of 56 million pounds in 1939, they fell to 48 million pounds in 1940 and to only 11 million pounds in 1943. British India was the chief source of United Kingdom imports before the war and was followed, in order of importance, by Argentina and Eire. During the war, from 1941 on, India was virtually the only source of such imports. (See table 5.)

No estimate of carpet-wool stocks is available for the United Kingdom. In reply to a question asked in Parliament, however, the statement was made that of the quantity held by the Wool Control in January 1946, approximately 590 million pounds (greasy), about 140 million pounds was suitable for qualities up to 50's. No information was available with regard to the proportions above or below 50's in privately held stocks. Generally wools of 40's and below are considered suitable for carpets.

Soviet Union:

Although the Soviet Union probably produces more coarse wool than any other country, imports are necessary even in normal times to meet consumption demands.

Before the war there had been a considerable increase in the proportions of medium and fine wool produced and a corresponding decrease in the production of coarse wool. A total of approximately 300 million pounds was produced in 1939; about 63 percent was described in Socialist Agriculture as coarse wool, compared with a total production of 152 million pounds in 1932, of which 89 percent was coarse wool.

The Soviet Union before the war drew imports largely from the carpet-wool-exporting countries of the Near and Far East, chiefly over land boundaries. The main suppliers were Iran, Turkey, and China, including its dependencies. This pattern probably changed but little during the war, except that the volume was smaller.

Other Consuming Countries

Approximately 30 percent of the wool produced in continental Europe is of the coarse carpet type. This originates mainly in southeastern Europe, with a small part of the production of France, Portugal, and a few other countries classifying as coarse wool suitable for carpets. Most of the wool is utilized at home, but small amounts enter international trade channels as evidenced by customs returns on carpet wool entering the United States and the United Kingdom (tables 3 and 5) which show several European countries as sources of such imports.

Table 4.-CARPET WOOL: Prices per pound, grease basis, in the United Kingdom before controls were removed

	: United Kingdom buying prices			
	: Oct. 23, 1939 : July 5, 1945			
	: Pence	: U. S.	: Pence	: U. S.
	: cents	: cents	: cents	: cents
East Indian wool:	:	:	:	:
Vicanere (White)	: 17.00	: 28.5	: 22.00	: 37.0
Joria (White)	: 14.25	: 23.9	: 19.00	: 31.9
Kandahar (White)	: 11.75	: 19.7	: 15.50	: 26.1
Marwar (White)	: 12.50	: 20.9	: 16.25	: 27.3
Kandesh Black	: 9.75	: 16.3	: 12.50	: 21.0
Kandesh grey	: 7.50	: 12.6	: 9.75	: 16.4
	:	:	:	:
Iraqian wool:	:	:	:	:
White	: 13.50	: 22.6	: 16.00	: 26.9
Fawn	: 11.75	: 19.7	: 14.00	: 23.5
Black	: 13.00	: 21.8	: 15.50	: 26.0
Grey	: 12.00	: 20.1	: 14.25	: 24.0
	:	:	:	:

Compiled from Orders of the Wool Control.

Table 5.-UNITED KINGDOM: Imports of wool (other than merino and crossbred),
by principal country of origin, average 1934-38, annual 1939-44

Country of origin	Average 1934-38	1939	1940	1941	1942	1943	1944
	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds	pounds
British India	40,101	45,595	38,961	23,706	20,200	6,750	18,619
Eire	6,809	2,633	286	177	988	3,249	3,093
Argentina	13,439	1,081	557	a/	a/	1,221	a/
Australia	3,766	1,011	a/	a/	a/	a/	a/
Peru	1,036	927	231	a/	a/	a/	a/
France	1,367	604	a/	a/	a/	a/	a/
Other	6,200	4,520	8,250	276	6	3	3
TOTAL	72,718	56,371	48,285	24,159	21,194	11,223	21,715

Annual Statement of Trade of the United Kingdom, Vol. I, 1938 and 1944.

a/ If any, included with others.

SITUATION IN PRODUCING COUNTRIES

Argentina

Production of coarse crossbred and "criolla" wool in Argentina in the current season, which ended on September 30, was estimated at approximately 155 million pounds, or about one-third the total wool production, compared with 128 million pounds produced in 1938. Only about 5 or 6 percent of total production is, strictly speaking, carpet wool, but much of the coarse crossbred wool may be used for such purposes, according to the classification under which Argentine wool enters the United States. Such imports ranged from 25 million pounds in 1938 to 132 million in 1941.

During the war period statistics have been compiled showing the quantities of coarse crossbred wool (40's and below) and of Cordoba carpet wool declared for export to the United States. These declared exports amounted to 160 million pounds in the first 7 months of 1946 against only 21 million pounds a year earlier. For the whole of 1945, however, they totaled 149 million pounds, which indicates that the heavy stocks of that type, which accumulated in Argentina during the war, were being unloaded.

Total stocks of coarse crossbred wool in Argentina at the beginning of the 1945-46 season (October 1, 1945), estimated at 266 million pounds, were unusually large. This carry-over, plus production, less domestic consumption, resulted in an exportable supply of coarse crossbred amounting to approximately 400 million pounds. Preliminary estimates indicate that stocks of coarse wool at the beginning of the new season (October 1, 1946) will be about 140 million pounds. This figure includes commercial stocks and stocks on farms. In the commercial-stock returns, second-clip wool and bellies are not distributed by grades; the assumption is that about one-third was of coarse crossbred wool. Stocks of all types of wool on farms alone were estimated by the Buenos Aires branch of the First National Bank of Boston at 159 million pounds on September 30, 1944, and at 245 million on September 30, 1945. Approximately 45 percent of the total on farms in 1944 and 70 percent in 1945 were estimated to be coarse crossbred and "criolla" wool. Owing to the reduced demand for these wools during the war, the Argentine Government granted loans to farmers on coarse crossbred wool in September 1943. Much of this was purchased by speculators, or by foreign buyers, and was stored in Argentina until shipping became available.

India

Available supplies of East Indian wool for export from India are believed to be fairly large. In this article Indian wool is discussed separately from Tibetan and Afghan (Kandahar) wools, which are also exported through Indian ports.

In February of this year a total of from 13 to 16.5 million pounds of East Indian wool was reported to be on hand ready for export at Karachi (90 percent of all the export wool from this region passes through this port). Approximately 12 million pounds of this was awaiting shipment to the United States. Shipment of 500,000 pounds of East Indian wool was made from Karachi to the United States in January, and exports were then blocked until some decision could be made by the Government of India regarding its export policy.

On March 29, 1946, a press notice issued by the Indian Commerce Department stated that the Government had decided to decontrol exports of grey and black wools and had abolished the "established exporter" principal for exports of white and yellow wools. In its stead, anyone could export these wools to any permissible destination if, for every 3 bales he exported, he would offer to sell 2 bales to the purchasing agents of the Industries and Supplies Department of the Government of India for use in India. Upon certification by the purchasing agent, that he has purchased a certain quantity of wool from a particular exporter, that exporter may export $1\frac{1}{2}$ times the quantity purchased by the Industries and Supplies Department. In case the agent certifies that the wool was offered at the prescribed price but was not required, then the exporter may ship $2\frac{1}{2}$ times the quantity offered the government.

Since the above policy was adopted, an Export Control Notice ^{4/} informed exporters of white and yellow wool of Indian origin that stocks of wool (in full pressed bases) which awaited shipment at Karachi on or before April 26, 1946, and which were covered by firms and genuine contracts with the consignees abroad completed on or before the above-mentioned date, would be exported. These stocks represent 13 to 16.5 million pounds reported on hand in February.

The following stocks may not be exported: (a) Stocks held ready at Karachi on or before April 26, 1946, but not covered by firm contracts completed on or before that date; (b) stocks covered by firm contracts completed on or before April 26, 1946, but not ready for shipment at Karachi on or before that date. Stocks in the latter two categories are said to represent about 3 million pounds.

Later, on June 6, 1946, Order No. C.840 of April 1946, was modified. No purchasing agents are to be appointed by the government, but the exporters will offer the wool for sale directly to one of the Indian woolen mills. The mill will issue certificates of purchase and for every 2 bales shown by such certificates to have been purchased within the ceiling prices fixed by the Industries and Supplies Department an exporter may export 3 bales. When the Indian mill operator does not desire to purchase, a "no purchase" certificate will be issued by the proper official.

Mill operators in India have been informed that they are at liberty to purchase wool from the trade subject to the prices established in the Export Trade Control Notice of June 6, 1946. (See table 8.)

Estimates of wool production in India vary materially, because estimates of sheep numbers are not always for the same territory. About four-fifths or more of the total production consists of white and yellow wool and the remainder of black and grey. The latter was not exported at all during the war but was reserved for domestic consumption.

^{4/} Export Trade Control Notice No. C.840, issued on May 17, 1940, at the customhouse at Karachi.

At the export policy discussions which took place in the spring of 1946, prewar production was estimated at approximately 80 million pounds and present production at about 70 million pounds. Domestic consumption in India was reported at about 17 million pounds and the exportable surplus at 53 million pounds. A government estimate of 26 million pounds for the local industry was considered too large by the trade but even this would indicate an exportable surplus of 44 million pounds.

Old stocks of white and yellow wool in India in January 1946 were estimated at approximately 33 million pounds. This quantity added to total production of 70 million pounds gives an available supply of 118 million pounds in 1946. Estimating domestic consumption at the government figure of 26 million pounds, exportable supplies in 1946 would total about 77 million pounds compared with about 70 million in 1938. Exports of East Indian wool in 1938 amounted to approximately 50 million, leaving 20 million to be carried over. The carry-over at the beginning of the current year, therefore, was about 65 percent larger than in the prewar year.

Monthly exports for 1946 are not available, but if the domestic industry takes its quota and 3 bales are exported to every 2 sold to the industry, exports may reach in the neighborhood of 70 million pounds. Exports of domestic wool from India in the calendar year 1945 are estimated at 38 million pounds. The quantity exported to the United States amounted to 23 million pounds, compared with 14 million to the United Kingdom. In the 3 years 1943-45, exports to the United States averaged 50 percent of all exports and those to the United Kingdom 43 percent. In the prewar period a little over 75 percent of the total exports went to the United Kingdom for consumption and sale at the East Indian auctions at Liverpool.

Tibet

Tibetan wool production is roughly estimated at 10 million pounds, about 2 million pounds of which is consumed in Tibet. During the war, 3 million was utilized in India. The principal collection center for this wool is at Kalimpong, and the principal port of export is Calcutta. During the first 8 months of 1946 exports to the United States, which is the only overseas destination, totaled 7,144,170 pounds, compared with only 4,396,719 pounds in the same period last year. Exports during all of 1945 totaled 4,567,000 pounds against only 581,000 the previous year.

The movement of wool from Kalimpong was delayed in the early part of the past season by interruption of the railroad service in October 1945. Service was resumed in February, however, and by the end of May most of the wool had been forwarded to Calcutta, leaving negligible stocks at Kalimpong. Normally, overland movement is suspended from June to October, the monsoon season, because of transportation difficulties and possible rain damage which discolors the wool.

During the war there was an important growth of the use of Tibetan wool by Indian mills and cottage industries, especially in the Punjab and the United Provinces. Woolen fabrics, blankets, and carpets were made. In December 1945, demand still existed in India, and mills were reported to be willing to pay Rs 80 to 85 per maund (about 29 to 31 cents U. S. per pound) for wool. Consequently, sellers were reluctant to accept large orders from the United States at prices below 30 cents a pound. Prices of First White and White qualities advanced to $34\frac{1}{2}$ cents a pound in July, compared with 34 cents in June.

Afghanistan

The wool clip of Afghanistan (or Kandahar wool) is roughly estimated at 15 million pounds. Relatively small quantities are consumed locally, the bulk of the wool being exported over land boundaries to U.S.S.R. and to India.

Exports to the United States are made through the port of Karachi, India. The quantity of Afghan wool exported through this port amounted to 2,387,000 pounds in 1945, compared with 1,487,000 in 1944 and 911,000 in 1943. On March 29 the price of Kandahar wool was quoted at Rs 85 per maund (about 31 U. S. cents per pound).

China

China, including its dependencies, produced approximately 90 million pounds of wool before the war. Estimates vary widely, but this is considered conservative. Before hostilities began in 1936 the quantity exported over land and sea boundaries averaged (1931-36) 49 million pounds, approximately 29 million through Chinese ports and 20 million overland from Outer Mongolia and Sin-Kiang to the Soviet Union. This latter movement was small prior to 1927 but thereafter increased considerably.

Exports of wool overseas from China, however, have been declining since the 65 million pounds exported in 1928, of which 52 million were shipped to the United States. Annual overseas exports dropped to an average of about 30 million pounds annually through 1936 and then fell off sharply. Exports overland, principally to U.S.S.R., increased from about 7 million pounds in 1924 to 33 million in 1931 and thereafter declined to an average of around 17 or 18 million pounds in 1935 or 1936, according to information furnished by the Imperial Economic Committee.

Based on a survey of the wartime movement of wool in China made in 1943, production was estimated at approximately 94 million pounds, around 52 million pounds being produced in Free China and 42 million in Japanese-controlled China and assumed to have been consumed there.

Of the 52 million pounds produced in Free China, 26 million pounds were consumed, 8 million pounds exported to U.S.S.R., and 18 million pounds were unaccounted for and assumed to have been smuggled into Japan.

A plan drawn up by the Agricultural Section of the Central Planning Board for the postwar reconstruction period gives an estimated production in the first postwar year of approximately 70 million pounds, 5/ against a pre-war average of 90 million pounds. The assumption is that production will increase each year to reach 120 million pounds by the fifth postwar year. This would be considerably larger than average prewar production. Domestic demand for Chinese wool in the first postwar year is estimated at 50 million pounds and exports at 20 million pounds. This study assumes that domestic demand will increase to 53 million pounds for the next 2 years and thereafter will fall off to about 30 million pounds by the fifth postwar year. Exports will follow a converse course, increasing each postwar year to reach 90 million pounds in the fifth postwar year.

Unconfirmed reports from Kansu Province are to the effect that exports outside that Province have been prohibited so as to facilitate purchases by monopoly firms buying for Chinese Government account to be used in connection with barter arrangements. Similar arrangements applicable to Inner Mongolia were also reported to be under way. Tientsin is the collecting point for Chinese wool for export. It is thought likely that the Soviet authorities in Manchuria may have purchased some wool during their occupation of Manchuria, although no authentic or confirmed reports of this have been received in Tientsin.

Small lots of carpet wool are gradually filtering into Tientsin and Peiping, sufficient to keep the North China carpet industry operating at current reduced levels, but stocks were reported to be low and prices high so that carpet wools are not generally available for export in commercial quantities. Stocks of wool at different locations in North China in September 1946 were reported by cable at 20,943,000 pounds. (See table 7 for location.) This was all old wool; no 1946 wool was included.

The opening of barter trade between Siberia and North China would be of considerable significance to American buyers of carpet wools. Prior to the war Nazi barter arrangements enabled German firms to outbid competitors for North China and Manchurian wool. Official Chinese exports (by sea) show that in 1936 Germany took 10 million pounds of Chinese wool, compared with only about 100,000 pounds in 1931.

5/ Conversions made at Chinese customs piculs of 133-1/3 pounds.

Iran

Wool production for commercial purposes in 1946 is estimated at 29 million pounds or approximately the same as in 1945. This is about 20 percent below comparable estimates for prewar years. ^{6/} The reported increase in production in 1945 and the favorable prospects for 1946 are attributed to some increase in sheep numbers and to better grazing conditions.

Wool production declined drastically during the war because of exportation of sheep, principally to U.S.S.R., increased slaughter to supply the meat needs of civilians and the armed forces, and relatively higher prices for grains and other farm products, which caused some peasants to concentrate on these crops. The actual quantity of wool produced in Iran is probably considerably larger than these commercial estimates lead one to believe. However, the nomadic character of a large part of the sheep raisers and the desire on the part of the natives to evade taxes make an accurate census virtually impossible. Based on scattering estimates of total sheep numbers and an average yield of 3.5 pounds of wool per sheep, total production for native and for commercial use is placed at about 45 million pounds in 1945. For purposes of this report, however, trade estimates of production are used, since these figures are more pertinent to stocks and exportable surpluses.

Supplies of wool for disposal during the 1946-47 season are reported at 37 million pounds, including production of 29 million and a carry-over of 8 million pounds. Domestic consumption of commercial wool is estimated at about 21 million pounds, leaving an exportable surplus of 16 million pounds, which amount is about 23 percent larger than that of last year.

The estimated increase in the exportable surplus this year resulted from smaller wartime exports and, consequently, a larger carry-over than usual at the end of the season. Consumption is expected to equal or exceed that of last year, when it represented about 88 percent of the prewar average. Normally, commercial consumption absorbs about two-thirds of the production.

The chief destination of Iranian wool before the war was the U.S.S.R., but in the years 1939-40 ^{7/} Germany took the major portion, and in the two succeeding years about half the total. Exports to Germany fell off in 1942-43 to less than 50,000 pounds, and since then the Soviet Union has again been the chief destination. Relatively little Iranian wool has come to the United States, the total averaging less than 300,000 pounds annually in the years 1938-44. During that period the largest annual takings by the United States totaled 1,112,000 pounds in 1940-41. During the 8 months ending November 21, 1946, the United States took 240,000 pounds.

^{6/} The prewar estimates are those of the Skerkat Sehami Panbeh, the company having a monopoly of the wool trade. ^{7/} Iranian year begins March 21.

Prices of wool in Iran, according to reports, showed a declining tendency in the last months of the 1945-46 season (April-March). Reasons given for the decline were: (1) Lack of foreign demand, (2) reluctance of domestic mills to stock up in view of the political situation and the large supply of used American clothing on the market, (3) prospects of a good clip of better quality in 1946. In April the U.S.S.R. was purchasing Khorasan steam-washed wool at 27 to 30 reals per kilo (38 to 42.5 cents a pound), delivered at Askhabad (a Soviet city 140 miles northwest of Meshed Iran), and Karmanshale wool at 22 reals per kilo (31 cents a pound), delivered at an Iranian port on the Caspian Sea.

Iraq

The 1946 commercial wool clip is estimated at 11.6 million pounds, an increase of 17 percent above that of a year ago. Total production in Iraq is probably considerably larger, but only the supply entering commercial channels is considered here. The fiber is described as long and strong, with a larger-than-usual percentage of white wool. Estimates of current stocks are not available, but reports indicate that a substantial quantity remained on hand at the end of 1945, possibly 5 million pounds.

The United States is an important market for Iraqi wool, and wool exports are one source of dollar exchange with which to finance Iraq's procurement program in the United States. The activity of Syrian merchants, who are reported to be buying wool in Iraq at a premium for the purpose of acquiring free dollars for themselves, has interfered greatly with this trade. This situation has caused the price of Iraqi wool on the local Baghdad market to average 20 percent higher than prevailing c.i.f. New York prices for the same product and has thus hindered sales to the United States. The advisability of controlling the exports of wool has been considered, but no action has been reported as yet.

Exports to the United States in the first 7 months of 1946 totaled 4,735,000 pounds. In the second quarter alone these exports reached 2,500,000 pounds against 1,200,000 in the same quarter of 1945. Before the war and through 1942, the United States was the principal destination of Iraqi wools, but in 1943 most of it went to Iran.

During the April-June quarter, the price of wool, greasy basis at Baghdad, opened at 18.9 cents a pound, fell as low as 16.3 cents a pound, and closed at 18.3 cents. This is the average for Awassi and Karradi wool. About 38 percent of the wool produced in Iraq is described as Awassi and 34 percent as Karradi. These wools are grown in the north. The finer Arabi wool is grown in the central and southern part of the country.

Syria and Lebanon

Prospects for the 1946 wool clip were not promising. Lack of rain caused a shortage of water and pasturage, and mortality was high. Last year production was estimated at 10,500,000 pounds. Syria, like Iran and Iraq, has many nomadic tribes, and, as in the case of those countries, has never made an accurate census. Depending on market prospects in surrounding countries, sheep are often driven across borders for shearing. Estimates of the 1945 clip vary from 10,500,000 to 14,300,000, and those for other years vary in like proportion. Roughly a 27 percent reduction is expected in 1946.

Exports of wool from Syria and Lebanon averaged 7 million pounds during the years 1934-38. The bulk of the exports were to the United States. These totaled 6,324,000 pounds in 1939 but fell to 3,695,000 pounds in 1940 and still further to 985,000 in 1941. Exports rose again to 2,662,000 in 1942, but since then have been under 500,000 pounds until 1946, when 2,600,000 of washed wool were declared for export to the United States in the first 5 months of the year. No wool was exported to the United States in 1945 owing to the fact that ceiling prices in the United States were lower than local prices. Negotiations are now being carried on by exporters with the local authorities to obtain permission to ship wool to the United States on a barter basis in exchange for needed goods. Several small shipments have been made, probably as a result of an informal understanding with the exchange-control authorities that the dollars so earned will be available to the exporter for purchase of United States goods.

As in other carpet-wool-producing countries, consumption of domestic wool increased during the war. Instead of about 15 percent of the clip being utilized, the percentage rose to around 34 percent owing to the shortage of foreign-wool yarns and high prices. The quantity of raw wool spun primitively by hand by farmers and villagers into a rough yarn used in knitting underwear, sweaters, and stockings, worn by the poorer classes in winter, and also for "abayas" (special cloaks for the bedouins) rose from 6 percent to 25 percent.

At the beginning of the 1946 season (about April 1) stocks were estimated at about 13 million pounds, compared with 6 million pounds in 1945. This represents an accumulation from year to year when exports were small. About 60 percent of the 1945 clip was still on hand. The price of shorn wool, greasy basis, in late August 1946 was 22.7 U. S. cents a pound and that of washed 52.1 U. S. cents a pound.

Turkey

Production in 1946 may exceed the estimate for last year now reported at about 60 million pounds, compared with estimates of around 70 million pounds for the early war years. The decline in production since the early war years, when both sheep numbers and wool production reached record levels, is stated to have resulted from higher prices for meat and a consequent indiscriminate slaughtering of animals and the contraband exportation of sheep to adjacent countries, particularly Syria.

During the war the export of wool from Turkey was prohibited. Prior to the war exports averaged about 15 million pounds annually, 6 million pounds of which went to continental Europe (principally to Germany) and 8 million pounds to the U.S.S.R. Exports to the United States were less than 500,000 pounds annually. In 1938 and 1939, however, exports rose to about 800,000 pounds.

Domestic consumption of wool, which averaged around 50 million pounds annually in the five prewar years 1934-38 increased considerably during the war, and blankets and uniforms were produced. Consumption was expected to fall off materially with the ending of hostilities. As late as June 12 the export of finer wools (Thrace and merino types) were still prohibited, but exports of all other wools (carpet), which comprise the bulk of Turkish production, are now permitted on a free exchange or compensation basis. The carry-in of exportable wool at the beginning of the 1946-47 season (April 1) was estimated by the Ministry of Commerce of Turkey at 7,000 metric tons (15 million pounds). Because of this carry-over and an anticipated reduction in domestic consumption, the exportable surplus this season is estimated at 33 million pounds which is about twice the average prewar exports despite the reported drop in production.

Prices were decontrolled for the 1946-47 season on May 6, 1946 until further notice. Maximum prices for the 1945-46 clip were established jointly by the Ministries of Economy and Agriculture in 1945. 8/ At that time the price of normal-yielding fine Anatolian wool (which can now be exported free of price control) was established at 140 piasters per kilogram (35 cents per pound) and coarse Anatolian wool at 133 piasters per kilogram (33 cents per pound).

Egypt

Egypt is a relatively small producer and exporter of wool, but the chief destination of exports has been the United States. During the war the Egyptian Government prohibited exports of shorn wool and imports of all wool amounted yearly to 1 million pounds. These imports continued in smaller volume during the first 5 months of 1946. Official trade statistics do not indicate their source, but members of the trade state that the most important countries of origin were Australia, Libya, and Iraq.

The decrease in imports this year, compared with 1945, may have been caused in part by a substantial increase in imports of sheep. In addition, relatively large numbers of sheep from Libya are reported to have entered Egypt without passing through the customs. Prior to the war most of the domestically produced wool was exported.

Egypt produces around 4 million pounds of wool, most of it of the coarse carpet type. In 1945 sheep numbers (including 123,000 imported sheep) were estimated at approximately 1,500,000. The average yield of wool per head varies from 2 pounds for young sheep to 3 pounds for mature animals.

8/ Announced in Circular No. 15 of the Official Gazette, April 28, 1945.

During the war all the shorn wool collected was consumed at home. Most of this wool was taken by the local carpet industries. Some Egyptian wool, however, was mixed with imported wool for use in the manufacture of cloth and blankets. The control over wool imports, exercised by the Middle East Supply Center, during the war required the local woolen textile industry to utilize a high proportion of domestic wool. With the relaxation of this control, more Australian wool has been imported, and there is a tendency for supplies of domestic wool to accumulate. Domestic demand for locally produced wool now comes largely from hand spinners and hand carpet weavers. However, the belief is that the carry-over of shorn wool from 1945 was not large and that such stocks as are available will consist of the current season's clip. Pulled wool may be more plentiful.

The Egyptian Government recently took definite action to permit exports. Beginning the last week in June, unlimited exports of pulled wool were permitted, and a quota of ⁵⁰⁰/metric tons (1,100,000 pounds) of shorn white wool was established for the succeeding 12 months. Declared exports to the United States from January to July 1946 totaled only 181,000 pounds.

Prices at the beginning of June on types ordinarily exported to the United States were somewhat under those of June 1945. Prices were reported to have increased somewhat toward the end of the month, probably in response to the decontrol of exports of certain types. The price of white fleece wool yielding 90 to 95 percent washed in September 1946 for Maryout and Saidi were the same as in June, but those of Mellawi, Menoufi, and Fellahi had advanced about 10 percent above June prices. (See table 6.)

Eire

Production of Irish carpet wool (Black-faced and Kerry) is estimated at 3,250,000 pounds of shorn wool in 1946 or one-fourth the estimated total production of shorn wool. In addition, there will be about 1,125,000 pounds of pulled wool. The Black-faced and Kerry grades from 28's to 40's are carpet-type wools. There may be relatively small quantities of other types, especially Lincoln and crossbreds grading under 40's, used for carpet purposes.

United States carpet mills are reported to be purchasing Black-faced and Kerry fleeces and Haslocks but, owing to the late season, delivery of Black-faced and Kerry cannot be made for some time. The demand for these carpet wools is good, and reports state that there is a tendency for farmers to hold back stocks for higher prices. The lateness of the clip is attributed to indifferent weather. Black-faced wool had not yet been shorn by the beginning of August.

Stocks in the hands of merchants and dealers at the beginning of August were estimated at 2,420,000 pounds of wools definitely graded as carpet wool. This consisted of 1,450,000 pounds of Black-faced shorn wool, 800,000 of Kerry, 90,000 of Haslock and "Britch," and 80,000 of strong wools. In addition, there were 1,300,000 pounds of deep-bred (possibly Lincoln) and 650,000 crossbred, some of which classified under 40's.

Table 6.-CARPET WOOL: Exports from principal exporting countries to important countries of destination

Country of origin	United States	United Kingdom	Continental Europe	Russia	Japan	Other	Total
	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.
<u>Argentina a/</u>							
Av. 1934-38	38	45	21	0	1	1	106
1943	60	c/	c/	0	0	7	67
1944	b/ 84	d/	d/	d/	d/	d/ a/	107
1945	b/ 149	d/	d/	d/	d/	d/ a/	183
<u>Jan.-July</u>							
1945	b/ 21	d/	d/	d/	d/	d/ a/	28
1946	b/ 160	d/	d/	d/	d/	d/ a/	186
<u>India e/</u>							
Av. 1934-38	8	36	f/ 3	0	0	0	47
1943	7	8	0	g/	0	3	18
1944	12	14	0	g/	0	2	28
1945 h/	23	14	0	g/	0	1	38
<u>India i/</u>							
Av. 1934-38	9	1	--	--	--	c/	10
1943	1	c/	--	--	--	--	1
1944	4	c/	--	--	--	c/	4
1945	8	c/	--	--	--	c/	8
1946 (8 mo.)	7	--	--	--	--	--	--
<u>China j/</u>							
Av. 1934-38	23	c/	5	--	4	c/	29
1943 k/	--	--	--	8	18	--	26
1946 l/	--	--	--	--	--	--	33
<u>Iran</u>							
Av. 1934-38 m/	c/	c/	1	10	0	1	12
1943 n/	c/	--	--	3	--	c/	3
1944 n/	c/	--	0	c/	0	c/	1
1945 n/	c/	c/	c/	4	0	1	5
<u>Iraq</u>							
Av. 1934-38	6	c/	4	g/	c/	2	12
1943	c/	--	--	--	--	o/ 5	5
1944	b/ 2	--	--	--	--	7	9
1945	--	--	--	--	--	--	5
1946 (7 mo.)	b/ 5	d/	d/	d/	d/	d/	d/
<u>Syria & Lebanon</u>							
Av. 1934-38	--	--	--	--	--	--	6
1943	0	0	0	3	0	0	3
1944	c/	0	0	c/	0	0	c/
1945	--	--	--	--	--	--	c/
1946 (5 mo.)	b/ 3	--	c/	--	--	--	3

(Continued next page.)

(Continued)

Table 6.-CARPET WOOL: Exports from principal exporting countries to important countries of destination

Country of origin	United States	United Kingdom	Continental Europe	Russia	Japan	Other	Total
	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.
Turkey p/							
Av. 1934-38	c/	c/	6	8	c/	1	15
1943 d/	--	--	--	--	--	--	--
1944 d/	--	--	--	--	--	--	--
1945 d/	--	--	--	--	--	--	--
Egypt q/							
Av. 1934-38	d/	d/	d/	d/	d/	d/	4
1945	d/	d/	d/	d/	d/	d/	c/
1946 (7 mo.)	d/	d/	d/	d/	d/	d/	c/
Eire							
Av. 1934-38							r/ 14
1944	b/ 3	d/	d/	d/	d/	3	r/ 6
1945	d/	d/	d/	d/	d/	d/	r/ 6
1946 (4 mo.)							r/ 2

Compiled from official sources.

a/ Calendar year exports of coarse crossbred and "criolla" wool. Average 1934-38 (exclusive of scoured wool, and also pulled wool, except in 1938, when it was first reported by grades). Scoured wool was not reported by grades until 1941. b/ Declared exports at United States consulates. In case of Argentina covers coarse crossbred under 40's and "criolla" wool. c/ Less than 500,000 pounds. d/ Not available. e/ Indian wool only, known by the trade as East Indian wool. f/ All to Belgium. g/ If any, included with "others." h/ Estimate for year based on monthly figures. i/ Reexports of foreign wool imported from Afghanistan, Tibet, Iran and other Asiatic countries. j/ By sea only. A considerable quantity of Chinese wool from Outer Mongolia and Sinkiang normally goes over land boundaries to Russia. k/ Cabled report. l/ Plan for first postwar year (Agricultural Section of the Central Planning Board). m/ Year beginning June 22. n/ Year beginning March 21. o/ Principally to Iran. p/ Wool in the grease only. In addition there were small quantities of scoured and washed wool exported. Exports were prohibited during the war. q/ Exports of shorn wool prohibited during war, and wool was imported. These imports amounted to 2,531,000 pounds in 1945 and to 845,000 pounds in the first 5 months of 1946. r/ All types of wool.

Exports of all kinds of wool (except fine, the export of which is prohibited) during the first 4 months of 1946 amounted to 2,097,500 pounds, an increase of 31 percent over the corresponding period of 1945. The destination of exports is not given, but it is understood that most of the pulled wool, or 866,400 pounds, was for Belgium. Belgians have been able to pay more than world prices owing to a system of barter of goods for wool, which exists between the Irish trade organizations and Belgium. Other continental countries which are buying wool in Eire are the Netherlands, Sweden, and Norway.

The prices for Irish wool are no longer controlled, since the revocation of the Emergency Powers Orders. Midsummer prices in August 1946 for Black-faced wool and Kerry wool were from 17 to 17-3/4 pence per pound, greasy basis. The price of Black-faced scoured fleece was from 18¹/₂ to 19d. (31.1 to 31.9 cents). Haslock and "Britch" wools brought 19 to 21d. (31.9 to 35.3 cents) scoured.

Scotland

The 1946 clip of Black-faced wool is estimated at 10 to 15 million pounds, compared with 10 to 12 million pounds in 1945. Stocks in warehouses in Scotland at the beginning of October were estimated at 5 to 6 million pounds, with only about two-thirds of the 1946 clip collected at that time.

During the war very little Scotch Black-faced wool was allotted for export, and none is expected to be released before sometime in 1947. Most of the United Kingdom wool imported into the United States consists of Scotch Black-faced. In 1939 imports of duty-free United Kingdom wool into the United States totaled 8 million pounds.

The largest consumers of Black-faced wool in Scotland are the carpet mills and since carpet manufacture has been resumed they are needing all that they can procure. The makers of "harris tweed" cloth in the isle of Lewis, Scotland, are also very large consumers of Black-faced wool and it is privately estimated that about 35 percent of the 1946 clip has been allocated by the Scottish Wool Control Board to these manufacturers. It seems unlikely that the allocation for "Harris tweed" manufacture will be decreased soon as both the domestic and foreign demand for the cloth is stated to be very strong.

Other producing countries

Carpet wool is exported from a few other regions, mainly North Africa, where about 15 percent of the production of Morocco and Algeria is classed as carpet wool. This represented about 26 million pounds in 1945 and was either used locally for the making of carpets and mattresses or exported to France. Some carpet-type wool is produced in South America, in countries other than Argentina, but the quantities are very small. The maximum combined exportable surplus of that type from Uruguay, Ecuador, Brazil, Colombia, and Peru does not exceed 5 million pounds. Iceland produces a relatively small quantity for export, and some European countries have small quantities for export from time to time.

Table 7.--CARPET WOOL: Visible stocks in exporting countries, according to latest estimates, 1946

Country	1946	Location	Description	Foreign unit of weight or measure	Quantity: original unit	U. S. equivalent: 1,000 lbs.
Argentina	End of season: Sept. 30	Whole country	Coarse crossbred and criolla	---	---	a/ 140,000
India	January 1	India	Old stocks: yellow and white	Bales	100,000	33,000
Tibet	August 1	Kalimpong	Practically exhausted	---	---	b/ 1,000
China (North)	September	Lanchow	All old wool. None of 1946 included.	---	---	4,400
		Sining	---	---	---	11,000
		Ninghsia	Spring clip	---	---	3,325
			Fall clip	---	---	738
		Yungchang	---	---	---	220
		Patow	---	---	---	1,200
TOTAL North China						20,943
Iran	April 1	Iran	No details	M. T.	3,680	8,000
Iraq	August 1	Iraq	No details	---	---	c/ 7,000
Syria & Lebanon	April 1	Whole country	No details	M. T.	d/ 4,000	8,800
	October 1	"	"	M. T.	e/ 7,000	15,000
Turkey	April 1	Whole country	Exportable wools: excludes finer types	M. T.	7,000	15,000
Egypt	End of June	Whole country	Carryover of shorn wool from 1945 not large. Larger supplies of pulled wool (shorn)	---	---	f/ 4,000
Eire	August	Merchants & dealers in Eire	Black-faced greasy & scoured fleeces. Kerry greasy & scoured fleeces. Haslock & Britch: pulled wools strong wool	---	---	1,450
				---	---	800
				---	---	90
				---	---	80
TOTAL Eire						g/ 2,420
Scotland	October 1	Warehouses	Black-faced	---	---	5 - 6,000

Table 7.--CARPET WOOL: Visible stocks in exporting countries,
according to latest estimates, 1946. (Cont'd.)

- a/ Preliminary estimate.
- b/ Season shipments about completed and supplies small.
- c/ Estimate based on seasonal supply and exports.
- d/ Carry-in of 1945-wool.
- e/ End of shearing season which was delayed.
- f/ Current clip.
- g/ In addition, there were 1,300,000 pounds deep-breds (possibly Lincoln) and 650,000 pounds of crossbreds, some of which classified under 40's.

Table 8.--CARPET WOOL: Prices of different types in principal exporting countries at latest available date

Country	1946 Date	Market	Description	Original unit of weight or measure	Prices	
					Foreign currency:	United States currency
					Pesos	Cents per pound
Argentina	July	Central Produce Market	Spring clip, (grease basis) Coarse crossbred:	M. T.	9.95:	13.4
		B. A.	Criolla	"	18.24:	24.7
			Second clip Coarse crossbred:	"	10.03:	13.6
India						
East Indian wool	June	Indian Mills	a/ Ceiling prices	Maund of 82 pounds:	Rupee (Rs)	
			Bikaner (Vicanere)			
			Superior white	"	85	31.3
			Bikaner (Vicanere)			
			Superior yellow:	"	75	27.5
			Ordinary white):			
			Bagri Vicanere):	"	65	23.9
			Joria, Phallodi):			
			etc.):			
			Ordinary yellow	"	60	22.1
			Medium quality			
			white	"	60	22.1
			Medium quality			
			yellow	"	55	20.2
Tibetan wool	July	Calcutta	First White & White	"	---	34.50
Afghanistan:	March 27	Karachi	Kandahar, scoured:			
			Indian quality	"	85	31.2
Iran	April 15	Not stated	Khorasan	M. T.	Rials	
			Best qu. white	"	30-35000:	42.5-49.6
			Good qu. white	"	25-30000:	35.4-42.5
			Good " colored:	"	15-20000:	21.3-28.4
			Kermanshah			
			Good quality			
			90 to 95% white:	"	25-30000:	34.4-42.5
			Gorgan			
			Coarse quality			
			70% white	"	14-18000:	19.8-25.6

(Continued next page)

Table 8.--CARPET WOOL: Prices of different types in principal exporting countries at latest available date (Cont'd.)

Country	1946 Date	Market	Description	Original		Prices	
				unit of	weight	Foreign	United
				or	measure	currency	States
							currency
Iraq	April-June quarter	Baghdad	Grease wool	Maund of	16 kg.	Dinars	Cents per pound
			Maximum price	"	"	1650	18.9
			Minimum price	"	"	1425	16.3
			Closing price	"	"	1600	18.3
Syria & Lebanon	Late August	Not stated	Shorn wool	1 rotl of	1000	piasters	
			Shorn, grease				
			basis	"	"	350	22.8
			Shorn washed	"	"	800	52.1
			Pulled, 1st				
			quality	"	"	440	28.7
			2nd quality	"	"	315	20.5
Turkey	June	Istanbul	Anatolian	Kg.		Kurus	
		(f.o.b.)				135-140	33.6-34.9
Egypt	September	Cairo	Shorn wool				
			(white)				
			yielding 90-95%				
			scoured	Cantar		L.E.	
			Maryout	"		12	50.2
			Saidi	"		12	50.2
			Mellawi	"		12	50.2
			Menoufi	"		11	46.0
			Fellahi	"		11	46.0
			White pulled				
			90% yield	"		9	37.6
Eire	August	Eire	Shorn wool	Pound		Pence	
						18.50	31.1
			Black-faced-	"			
			scoured	"		18.50-19	31.1-31.9
			grease	"		17-17.75	28.6-29.8
			Kerry scoured	"		---	---
			Kerry grease	"		17-17.75	28.6-29.8
			Pulled wool				
			Haslock & Britch:				
			scoured	"		19 - 21	31.9-35.3

NOTES: a/ Ceiling prices to Indian Mills on basis of 75 percent yield. An addition Rs10 per bale to cover pressing charges will be allowed when wool is to be supplied in pressed bales.

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WORLD WOOL PRODUCTION NEAR PREWAR LEVEL; STOCKS LARGE

World wool production in 1946, estimated at 3.7 billion pounds, is about the same as in 1945 and approximately on a level with the prewar average. Supplies, however, greatly exceed the prewar average because of a large wartime accumulation of wool.

In the early war years, production increased sharply, chiefly in the Southern Hemisphere and the United States in response to higher prices. Since 1943, however, production has fallen off 10 percent. Contributing to this decline were drought in Australia and the Union of South Africa, difficulties in obtaining herders and competition of other farm products in the United States, and the direct interference of the war in Europe and Asia.

One of the outstanding features of the present world wool supply situation is the reduced production in the United States, Australia, and South Africa, all predominantly fine wool producing countries. The combined output of these three countries in 1946 fell to 1.5 billion pounds, compared with the record wartime production of 1.9 billion pounds and the 1934-38 average of 1.7 billion pounds. A slight increase is indicated for Australia in 1946, but production in the United States and South Africa continued to decline.

The Southern Hemisphere produces almost two-thirds of the world's wool output, and furnishes most of the world's total exportable surplus of apparel wool. Production in that area showed a slight increase of 1 percent in 1946 1 to 2.3 billion pounds, according to preliminary figures, mainly because of an upturn in Australia and the maintenance of production at a high level in Argentina and Uruguay. Although output is now about 9 percent below 1943, it is still 8 percent above the prewar level.

In the Northern Hemisphere, production apparently made no recovery in 1946 from the low 1945 level. Production is estimated at only 1.1 billion pounds, which is 5 percent below 1945 and 15 percent less than the prewar average. The decline is due to a further decrease in 1946 of 7 percent in the United States, the most important producing country, and to the continued declines in Continental Europe and North Africa. Production in the Soviet Union and China, which produce mainly coarse carpet-type wool, can only be roughly approximated. Latest information indicates some increase in the Soviet Union in 1946 above 1945. Lack of reliable estimates of either sheep numbers or of wool production in China makes it difficult to ascertain the trend in that country, but recent Chinese Government surveys indicate a fairly substantial reduction from prewar numbers.

Although production is now about at the prewar level, world supplies greatly exceed the prewar average owing to the large wartime accumulation

WOOL: Production in specified countries, greasy basis,
average 1934-1938, annual 1943-1946

Hemisphere and country	Average 1934-1938	1943	1944	1945 <u>a/</u>	1946 <u>a/</u>
	Million <u>pounds</u>	Million <u>pounds</u>	Million <u>pounds</u>	Million <u>pounds</u>	Million <u>pounds</u>
Southern Hemisphere					
Australia	995.3	1,169.0	1,017.3	930.0	970.0
New Zealand	299.3	330.0	372.0	352.0	350.0
British South Africa <u>b/</u>	238.6	250.0	234.0	210.0	195.0
Argentina <u>c/</u>	370.4	520.0	500.0	500.0	500.0
Uruguay <u>d/</u>	118.0	147.9	152.0	175.2	175.7
Brazil	38.4	<u>e/</u> 42.0	<u>e/</u> 42.5	<u>e/</u> 45.0	<u>e/</u> 45.0
Chile	32.7	35.0	34.0	32.0	33.0
Peru <u>f/</u>	19.6	18.9	19.8	20.1	20.1
Other South America <u>g/h/</u>	10.9	10.1	10.1	10.1	10.1
Total Southern Hemisphere	2,123.2	2,522.9	2,381.7	2,274.4	2,298.9
Northern Hemisphere					
United States -					
Shorn	360.4	384.4	347.1	321.0	299.0
Pulled	64.7	65.2	71.0	66.0	<u>1/</u> 59.0
Total	425.1	449.6	418.1	387.0	358.0
Canada	16.4	17.8	19.3	19.6	17.5
Other America <u>j/</u>	14.1	14.2	14.3	14.4	14.4
Europe					
United Kingdom	108.3	90.4	86.8	86.6	90.5
Ireland	17.1	15.3	15.9	15.1	15.4
Norway	5.9	5.8	6.2	6.1	6.6
Netherlands	5.5	3.8	3.4	3.5	4.2
France	37.9	26.9	26.0	25.0	26.0
Spain	77.4	101.0	101.0	94.6	86.8
Portugal	15.5	18.7	18.9	18.4	18.0
Italy	31.0	31.0	27.6	23.0	26.0
Germany	34.9	45.7	49.9	<u>k/</u>	<u>k/</u>
Czechoslovakia	2.7	<u>k/</u>	<u>k/</u>	<u>k/</u>	<u>k/</u>
Poland	11.1	<u>k/</u>	<u>k/</u>	<u>k/</u>	<u>k/</u>
Hungary	10.8	8.6	8.2	2.2	2.3
Yugoslavia	33.0	<u>k/</u>	<u>k/</u>	<u>k/</u>	<u>k/</u>
Bulgaria	29.2	<u>1/</u> 23.4	<u>1/</u> 19.3	<u>1/</u> 18.0	<u>1/</u> 18.0
Rumania	48.4	<u>k/</u>	<u>k/</u>	<u>k/</u>	<u>k/</u>
Albania	5.0	3.6	4.5	4.8	5.0
Greece	17.7	8.6	9.5	11.2	12.0
Total Southeastern Europe	144.1	115.4	109.5	85.2	94.3
Lithuania	3.6	<u>k/</u>	<u>k/</u>	<u>k/</u>	<u>k/</u>
Latvia	5.3	<u>k/</u>	<u>k/</u>	<u>k/</u>	<u>k/</u>
Estonia	2.3	<u>k/</u>	<u>k/</u>	<u>k/</u>	<u>k/</u>
Finland	2.5	1.8	2.2	2.2	2.6
Others <u>m/</u>	6.8	7.0	7.2	7.1	7.9
Total Europe excluding Soviet Union <u>n/</u>					
	511.9	430.4	472.1	422.7	421.2

Continued

WOOL: Production in specified countries, greasy basis,
average 1934-1938, annual 1943-1946 continued-

Hemisphere and country	Average 1934-1938	1943	1944	1945 <u>a/</u>	1946 <u>a/</u>
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
North Africa <u>o/</u>					
French North Africa <u>p/</u>	90.8	100.2	95.7	97.0	78.0
Egypt	7.8	6.8	6.8	6.8	7.0
Asia <u>g/-</u>					
Turkey	60.0	62.0	67.0	60.0	60.0
Iraq	20.0	21.0	22.0	23.0	24.2
Iran	41.0	26.0	21.0	29.0	29.0
Syria	7.9	10.0	13.6	14.3	10.4
Afghanistan	15.0	15.0	15.0	15.0	15.0
India	85.2	85.0	80.0	75.0	70.0
Others <u>q/</u>	2.0	2.0	2.2	2.3	2.3
Total Asia excluding China <u>n/</u>	231.1	221.0	220.8	218.6	210.9
Total Northern Hemisphere excluding Soviet Union					
and China	1,297.2	1,290.0	1,247.1	1,166.1	1,107.0
Estimated world total excluding Soviet Union and China <u>r/</u>	3,420.0	3,810.0	3,630.0	3,440.0	3,410.0
Soviet Union	210.0	230.0	<u>g/</u> 210.0	<u>g/</u> 220.0	<u>g/</u> 227.0
China <u>g/</u>	90.0	90.0	85.0	80.0	75.0
Estimated world total including Soviet Union and China <u>r/</u>	3,720.0	4,130.0	3,920.0	3,740.0	3,710.0

Office of Foreign Agricultural Relations. Compiled from official sources or estimated on the basis of information available. Includes wool produced mostly in the spring in the Northern Hemisphere and that produced in the season beginning July 1 or October 1 of the same calendar year in the Southern Hemisphere. Pulled wool included for most countries at its greasy equivalent.

a/ Preliminary. b/ Union of South Africa, Union Protectorates and South West Africa. c/ Estimates of the Buenos Aires Branch, First National Bank of Boston. Earlier years adjusted on basis of actual exports. d/ Estimates of the Camara Mercantil de Productos del Pais (Mercantile Exchange of Uruguay). e/ Estimate based on production in Rio Grande do Sul, which produces about 80 percent of the total. f/ Based on recent surveys of the Junta Nacional de la Industria Lanar. g/ Rough approximations. h/ Includes relatively small production in Bolivia, Ecuador, Paraguay, and the Falkland Islands. i/ Indicated. j/ Includes Mexico, Newfoundland, Hawaii, Netherlands West Indies, Guatemala, Salvador, Colombia, and Venezuela. k/ Estimate included in total. l/ Includes Southern Dobrudja. m/ Includes countries producing 2 million pounds or less, namely Sweden, Denmark, Iceland, Belgium, Switzerland, and Austria. n/ Soviet Union and China may be found at end of table. o/ British South Africa included under Southern Hemisphere. p/ Estimates based on total sheep numbers, including estimate for untaxed, and average weight of fleece. q/ Exclusive of China, which may be found at end of table. Includes Cyprus and Palestine in addition to countries listed. r/ Rounded to tens of millions.

of wool. Stocks carried-over to the current season were estimated at 5 billion pounds on June 30, 1946, or about the same as in 1945, but three times the prewar average. In the face of these large stocks, the outlook for disposal appears better than a year ago because large quantities of British Dominion wool moved out of government and into private ownership during 1945-46. This was largely because dealers and mills in consuming countries have built up stocks for future requirements while British ceiling prices were still in effect. The wool trade in general expected a price advance when public auction sales were resumed this fall in London and the Dominions, and this expectation has been confirmed.

Stocks are still very large, however, and governments hold a substantial quantity. Of the 5-billion-pound carry-over, over half, or 2.6 billion pounds, was still in the hands of government organizations. The United Kingdom Dominions Wool Disposals Organization owns 81 percent of this amount and the Commodity Credit Corporation of the United States 19 percent (all domestically produced).

Of the remaining 2.4 billion pounds of privately owned wool, 38 percent (out of Joint Organization stocks) is sold and awaiting shipment principally in the British Dominions, 18 percent is in the hands of dealers and manufacturers in the United States (mostly foreign wool), 12 percent in the United Kingdom, 21 percent in other consuming countries, and 10 percent in South America, principally in Argentina.

Southern Hemisphere

Australia, the world's most important wool producing country, will have a somewhat larger clip this year according to early indications. Production in 1946 for marketing in 1946-47 (July-June) is estimated to be about 970 million pounds grease basis, a 4-percent increase above 1945, when production fell to a low level as a result of the most severe drought in years. During the war, production rose to a record high level of 1169 million pounds in 1943, according to revised official estimates. This was 12 percent above the prewar average of 995 million pounds.

While the wartime carry-over of wool in Australia is still large, being estimated at 1.7 billion pounds grease basis on July 1, 1946, (the beginning of the current season), it is 3 percent below the carry-over a year earlier. This reduction in stocks combined with satisfactory disposals of current clip wool at high prices at recent auction sales may have a tendency to encourage sheepmen to increase production above the current low level.

A preliminary estimate as of March 30, 1946, based on statistics for five States indicated that there were approximately 94 million sheep in Australia at that date, a drop from the 123 million head in March 1944. During the 1944-45 drought the number was reduced by 18 million head and in 1945-46 fell off by another 11 million head. Conditions for the 1946 winter lambing

as well as the growing conditions for current clip have been better than a year ago, and fleeces have been heavier in many districts.

The average weight of fleece of sheep and lambs shorn in 1944-45 was officially estimated at 7.61 pounds, compared with an average of 8.3 pounds for the preceding 5 years. Weather and feed conditions in the third quarter of 1946 were favorable throughout practically all sheep areas of Australia, with the exception of northern New South Wales and Queensland, where drought conditions prevailed and losses of newly shorn sheep were reported. Since then, however, rain has fallen in the New South Wales areas.

Wool production in the Union of South Africa in 1946 declined to the low level of 195 million pounds, according to the forecast of the South African Department of Agriculture. This is a reduction of 7 percent below the Department's estimate for 1945 when production was sharply reduced by drought. These estimates include the relatively small quantities produced in the Union Protectorates and Southwest Africa.

The British Wool Commission purchased the South African wool during the war, and production estimates during that period are based mainly on such purchases. This year the Department of Agriculture of the Union has resumed the prewar custom of sending out questionnaires to ascertain the number of sheep and lambs shorn and the quantity of wool produced in 1945-46 and expected production in 1946-47.

South African producers appear to be in a better situation than they were a year ago as the wartime accumulation of stocks as of June 30 were reduced to 310 million pounds or 40 percent below a year earlier. Prices received at the auction sales this fall have been substantially above prices paid by the British Wool Commission for the wartime clips. An increase in production above the current low level is, therefore, to be expected. Present production is about 18 percent below the prewar average.

Preliminary estimates for New Zealand indicate that production this year will be about the same as the revised estimate of 352 million pounds for 1945, but smaller than the record wool clip of 372 million pounds in 1944. Drought conditions in North Island had an adverse effect on the average weight of fleece and the quality of the 1945 production. Forced marketings of sheep and lambs in 1945-46 have also affected the size of the 1946 clip. Sheep, however, wintered well and the quality of the wool clip may be better than it was last season. The carry-over into the current season was 450 million pounds, or about 5 percent above a year ago. New Zealand produces mainly 60 percent medium crossbred wool.

Production in Argentina in 1946 will again reach 500 million pounds, according to reliable estimates. For the past 3 years, Argentina has produced record clips. The average for the prewar years 1934-38 was 370 million pounds. The quality of the new clip is expected to be better than that of last season.

A little over 30 percent of Argentina's clip is coarse crossbred and Criolla wool. Before the war, Argentina was the most important source of duty-free carpet wool imported into the United States. During the war, there was little demand for these types of wool and considerable stocks were accumulated. Exports to the United States as well as to other countries have been resumed and carry-over stocks of wool in Argentina at the beginning of the current season (October 1) had fallen to 320 million pounds, compared with 580 million a year earlier.

Wool production in Uruguay in 1946 reached the record total of 176 million pounds, according to preliminary estimates, and was only slightly above the revised total for 1945. This country produces fine and medium crossbred wool which was greatly in demand for military purposes during the war. Satisfactory disposals during the past seasons at high prices have encouraged sheepmen to expand operations, and production is now substantially above the prewar level.

The latest official estimate of sheep numbers was 20,289,000 head as of December 1943, but since then numbers have evidently increased materially.

Northern Hemisphere

The Northern Hemisphere contains all of the world's important wool consuming countries such as the United States, the United Kingdom, France, Germany, Italy, Belgium, and the Soviet Union. The trend in production in the Northern Hemisphere has been downward since the midwar years and production in 1946 was smaller than in 1945.

Production of 299 million pounds of shorn wool in the United States, the most important producing country in the Northern Hemisphere, was 7 percent below 1945, and the lowest since 1927. Total production, including an indicated 59 million pounds for pulled wool, fell to 358 million pounds in 1946, compared with 387 million pounds in 1945 and a prewar average of 425 million pounds. Production in the United States in the early war years increased in response to wartime demand but began to decline in 1943 as a result of difficulties in obtaining sheep herders, displacement by cattle on the ranges, and competition from other livestock in the native sheep areas.

The number of sheep shorn in 1946 was 9 percent less than in 1945, but the average weight per fleece was the highest since 1933, and further reduction of ewes as of January 1, 1946, will undoubtedly be reflected in lower production of both shorn and pulled wool in 1947.

Canadian wool production in 1946 showed a sharp drop to approximately 17.5 million pounds of shorn and pulled wool, according to preliminary estimates. This was about 11 percent below the record production of 1945. Wool production was at a fairly low level in 1940 but increased each year to reach 19.6 million pounds in 1945. Sheep numbers at the end of 1945 had fallen to 2,456,000 head, compared with 2,821,500 head in December 1944.

Shorn wool production in 1945 is officially estimated at 14.5 million pounds, which was a slight decrease compared with 1944. The number of sheep shorn was 1,917,000 with an average fleece weight of 7.6 pounds, compared with 2,007,000 shorn in 1944 with a fleece weight of 7.5 pounds. Sheep and lamb marketings increased in 1945 and the production of pulled wool reached 5.1 million pounds, the largest production on record.

Wool production in the United Kingdom recovered by about 5 percent to 90.5 million pounds from the low level of 1944 and 1945. Production was about equal to that in 1943 but still 16 percent below prewar. Sheep numbers on June 1, 1946, were unofficially estimated at 20,338,000, compared with 20,150,000 in 1945 and a prewar (1934-38) average of 25,472,000.

A slight recovery in wool production is indicated in the important wool consuming countries of Western Europe, France and Italy, and in Southeastern Europe, but further decreases are indicated for Germany and Poland. Production in all of these countries was materially below the prewar (1934-38) average.

In France, the most important consuming country in continental Europe, production is estimated at 26 million pounds, or 31 percent below the prewar average. The long-time trend in sheep numbers in France has been sharply downward, and this was continued during the war. In Germany, the long-time trend was upward before the war and the trend continued through 1944, but in 1945 there was a substantial decrease. In Italy the trend has been gradually downward as compared with the 1930 census, but a slight upturn was evident in 1946. Wool production followed more or less closely the trend in sheep numbers. These three countries consume much more than they produce, and in normal times France and Germany imported almost 90 percent of their consumption requirements and Italy about 75 percent.

Sheep numbers and wool production increased during the war in Spain, continental Europe's most important producing country. Production also increased in Portugal. Production in these countries in 1946 decreased but is still considerably above the prewar average.

North African production decreased materially in 1946, because of adverse weather conditions in 1945 which reduced sheep numbers.

Only rough approximations of sheep numbers and of wool production are available for the important carpet wool producing countries of Asia. The most important producing countries are the Soviet Union, China, and India. Wool production in the Soviet Union has shown a slight upward trend since 1944 and while above the prewar average is 24 percent smaller than in 1938. There was a large increase in sheep and wool production between 1934 and 1938, and at the same time the percentage of fine and semi-fine wool increased and that of coarse wool decreased.

Production in China is now estimated at approximately 75 million pounds, according to a recent study made by the Northwest China Improvement Bureau.

This is a substantial decrease compared with a conservative prewar estimate of 90 million pounds.

At recent discussions in India in connection with the opening of normal trade channels present production was reported at about 70 million pounds, compared with prewar estimates ranging from 80 to 85 million pounds.

The combined production of wool in the four Middle East carpet wool producing countries of Turkey, Iran, Iraq, and Syria is estimated at 12¹/₂ million pounds in 1946, a 2-percent decrease from 1945.

This is one of a series of regular scheduled reports on world agricultural prospects approved by the Office of Foreign Agricultural Relations Committee on Foreign Crop and Livestock Statistics. For this report the Committee was composed of Joseph A. Becker, Chairman, C. M. Purves, Elmer A. Reese, Esther H. Johnson, Hazel B. Kefauver, John A. Hopkins, Louise E. Butt, Mary E. Long, and Robert J. Manovill.

